



THE COMMITTEE MINUTES

for the Special meeting

Saturday 23 March 2019

Colonel Light Room,
Town Hall, Adelaide

Present - The Right Honourable the Lord Mayor [Sandy Verschoor];

Councillor Moran (Chair)

Councillors Abiad (Deputy Lord Mayor), Abrahamzadeh, Couros, Donovan, Hou, Hyde, Khera, Knoll,
Martin (Deputy Chair) and Simms.

Acknowledgement of Country

At the opening of the Special Committee Meeting, the Chair stated:

'Council acknowledges that we are meeting on traditional Country of the Kaurna people of the Adelaide Plains and pays respect to Elders past and present. We recognise and respect their cultural heritage, beliefs and relationship with the land. We acknowledge that they are of continuing importance to the Kaurna people living today.

And we also extend that respect to other Aboriginal Language Groups and other First Nations who are present today.'

Apologies and Leave of Absence

Nil

Discussion Forum Item

Strategic Alignment - Corporate Activities

1. Item 4.1 - Draft 2019-20 Integrated Business Plan and Budget Discussions [TC]

Discussion Facilitators:

Steve Mathewson, Director Services, City of Adelaide
Tracie Dawber, Associate Director Finance, City of Adelaide

Precis of topic:

- To prioritise projects and to consider funding and expenditure levers to fund projects and the infrastructure program within the draft 2019-20 Integrated Business Plan and Budget.

During item -

- Councillor Abiad (Deputy Lord Mayor) left the Colonel Light Room at 10.08am and re-entered at 10.09am, left at 11.16am and re-entered at 11.16am.
- Councillor Moran left the Colonel Light Room at 10.52am, whereupon Councillor Martin (Deputy Chair) took the Chair. Councillor Moran re-entered at 10.56am, whereupon she retook the Chair.
- Councillor Khera left the Colonel Light Room at 10.57am and re-entered at 10.59am.
- Councillor Simms left the Colonel Light Room at 11.00am and re-entered at 11.02am.
- Councillor Abrahamzadeh left the Colonel Light Room at 11.02am and re-entered at 11.04am.
- Councillor Hou left the Colonel Light Room at 11.17am and re-entered at 11.19am.
- Councillor Hyde left the Colonel Light Room at 11.29am and re-entered at 11.30am, left at 11.39am and re-entered at 11.40am.
- Councillor Knoll left the Colonel Light Room at 11.32am and re-entered at 11.35am, left at 11.36am and re-entered at 11.39am.
- Councillor Donovan left the Colonel Light Room at 11.35am and re-entered at 11.36am.
- Councillor Couros left the Colonel Light Room at 11.40am and re-entered at 11.41am.
- The Lord Mayor left the Colonel Light Room at 11.46am and re-entered at 11.51am.

The PowerPoint slides utilised during the Discussion Forum are attached for reference after the Minutes of this meeting.

The meeting adjourned at 12.01pm for lunch and reconvened at 12.25pm.

Present

The Right Honourable the Lord Mayor [Sandy Verschoor];
Councillors Abiad (Deputy Lord Mayor), Abrahamzadeh, Couros, Donovan, Hou, Khera, Knoll,
Martin (Deputy Chair), Moran (Chair) and Simms.

CEO Update

2. Item 3 – APLA Membership [TC]

Mark Goldstone, Chief Executive Officer, City of Adelaide facilitated a discussion on the membership of the Adelaide Park Lands Authority.

During the discussion:

- Councillor Abrahamzadeh re-entered the Colonel Light Room at 12.25pm.
- Councillor Moran left the Colonel Light Room at 12.32pm and re-entered at 12.32pm.
- Councillor Khera left the Colonel Light Room at 12.45pm.

Closure

The Special meeting closed at 12.55pm.

Councillor Anne Moran,
The Committee Chair

Documents Attached Below for Reference

Discussion Forum Item – Minute 1 - 4.1 - Draft 2019-20 Integrated Business Plan and Budget Discussions –
PowerPoint Presentation

2019-20 Integrated Business Plan and Budget

Workshop Purpose:

To consider priorities within

- Prioritise Projects and the Infrastructure Program
- Consider funding and expenditure levers to fund Projects and the Infrastructure Program

PROGRAM: **Finance & Businesses**

Draft Working Paper 23 March 2018: APPROVED: 2018-20 Integrated Business Plan and Budget

The Committee Special Meeting - Minutes - 23 March 2017

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Objective of today's discussion

Overview
Balancing Considerations
Current Position
Projects
Infrastructure Program & Renewals
Funding levers
Emerging Priorities
Next Steps

Current position	Prioritise Projects and Infrastructure	Review funding and expenditure levers	Next Steps
<p>Consider the current position of the 2019-20 Draft Budget following the presentation of the following components:</p> <ul style="list-style-type: none"> • General Operations • Business Operations • Projects • The Infrastructure Program and Renewals 	<p>Prioritise</p> <ul style="list-style-type: none"> • Projects • The Infrastructure Program & Renewals 	<p>Consider the funding and expenditure levers including borrowings relative to prudential limits.</p>	<p>Confirm the process to finalise the draft Integrated Business Plan for Public Consultation, noting that the Service Register will be discussed on Thursday evening (28 March).</p>

The Process

Overview
Balancing Considerations
Current Position
Projects
Infrastructure Program & Renewals
Funding levers
Emerging Priorities
Next Steps

The following summarises the approach to considering the draft 2019-20 Budget in preparation for Community Consultation:

Monday 4 February	●	Introduction to The Long Term Financial Plan	Committee Item
Monday 18 February	●	<i>Draft Projects list provided for consideration</i>	
Tuesday 5 March	●	Infrastructure Program funding priorities and considerations	
Thursday 7 March	●	General Operations & Business Operations	
Monday 18 March	●	Projects and the Infrastructure Program & Renewals	
Saturday 23 March	●	Draft 2019-20 Integrated Business Plan and Budget discussions	Special Committee Workshops
Thursday 28 March	●	Draft 2019-20 Integrated Business Plan and Budget discussions	
Monday 8 April	●	Placeholder for draft 2019-20 Integrated Business Plan and Budget discussions	
Tuesday 16 April	●	Committee to consider the draft 2019-20 Integrated Business Plan	The Committee
Tuesday 30 April	●	Council to approve the draft 2019-20 Integrated Business Plan for Public Consultation	Council
	●	Public Consultation: Wednesday 8 May to Wednesday 29 May (inclusive)	

Balancing approach and options

Overview
Balancing Considerations
Current Position
Projects
Infrastructure Program & Renewals
Funding levers
Emerging Priorities
Next Steps

Business Operations
 Surplus \$26.7m **(\$0.4m) variance**

General Operations
 Surplus \$33.8m **(\$0.1m) variance**

Projects
 (\$15.7m) **(\$6.9m) unfunded**

Infrastructure
 (\$44.3m) **(\$2.3m) unfunded**

Prudential
Borrowing Limit \$86.7m

Forecast Borrowings
\$68.8m **\$98.8m**
 with before
 PROPERTY ACTIVITIES PROPERTY ACTIVITIES

Funding and expenditure levers could include:

- Increases to On Street Parking Fees generating \$0-1.0m extra
- Remove/increase the 10% valuation cap on property valuations (discretionary rate rebate)
- Increases in other income sources
- Service level discussion

We have not incorporated the following

- Prudential limits
- State Government partnerships (including the Planning and Development Fund)
- Capacity to respond to other opportunities that Council wishes to pursue
- Emerging priorities
- Provision for redemption of debt

Also note that Business Operations have incorporated a \$1.5m target as previously advised.

Update on the current position

Overview
Balancing Considerations
Current Position
Projects
Infrastructure Program & Renewals
Funding levers
Emerging Priorities
Next Steps

\$'m	2019-20 LTFP (QF2 Baseline)	Current Draft 2019-20 Budget	Variance to LTFP	Unfunded
Business Operations Surplus	26.7	26.3	(0.4)	
General Operations Surplus	33.9	33.8	(0.1)	
Operating Surplus	60.6	60.1	(0.5)	
Projects	(15.7)	(15.7)	-	(6.9)
Infrastructure Program & Renewals	(44.9)	(44.3)	0.6	(2.3)
Underlying Surplus/(Deficit)	-	0.1	0.1	(9.2)
Major Projects (City Transformation Investments)	(4.1)	(4.1)	-	
Business Projects (Aquatic, Golf & UPark)	-	-	-	(4.7)
Commercial Opportunities	-	(1.1)	(1.1)	
<i>Carry Forwards already approved</i>	(10.5)	(10.5)	-	
City of Adelaide Surplus/(Deficit)	(14.6)	(15.6)	(1.0)	(13.9)
Subsidiary Capital	(1.6)	(1.6)	-	(1.7)
Total Net Funding Surplus/(Deficit) before property proceeds	(16.2)	(17.2)	(1.0)	(15.6)
Proceeds from potential property activities	30.0	30.0	-	
Total Net Funding Surplus/(Deficit) after property proceeds	13.8	12.8	(1.0)	(15.6)
Forecast borrowings at 30 June 2019	(78.1)	(78.1)	-	
Total Cash/(Borrowings) at End of Year before property proceeds	(64.3)	(65.3)	(1.0)	(15.6)

Splash and City Activation increased \$0.5m from \$490k to \$1.0m

Emerging pressures of (\$3.5m) within 2018-19 (beyond QF2) could increase forecast borrowings to \$68.8m inclusive of proceeds from property activities. If potential property activities do not proceed in 2019-20, forecast borrowings (inclusive of the emerging pressures) would be \$98.8m.

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Overview
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Projects
Infrastructure Program & Renewals
Funding levers
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Projects Overview

Overview

Balancing Considerations

Current Position

Projects

Infrastructure Program & Renewals

Funding levers

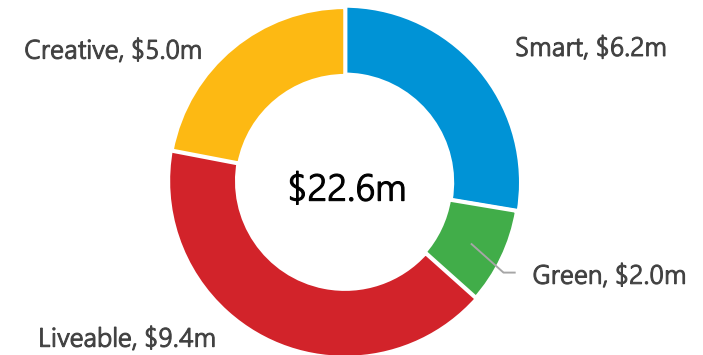
Emerging Priorities

Next Steps

The draft working papers for Projects distributed 22 February list Projects of \$21.5m.

- Members requests have increased this by \$1.1m to \$22.6m
- The Long Term Financial Plan has \$15.7m allocated for projects, resulting in \$6.9m presently being unfunded.

Proposed Projects \$'m	Projects List provided 22 Feb	Additional Requests	2019-20 Proposed Projects
Pre-Committed	1.2	-	1.2
Grants & Sponsorships	5.6	0.2	5.8
Economic Development	2.9	-	2.9
Carbon Neutral Adelaide	1.6	-	1.6
Information Management	5.0	-	5.0
Other	5.3	0.9	6.2
Total Projects	21.5	1.1	22.6
LTFP Baseline			15.7
Unfunded			(6.9)



Infrastructure Program & Renewals: Principles & funding considerations

Overview

Balancing Considerations

Current Position

Projects

Infrastructure Program & Renewals

Funding levers

Emerging Priorities

Next Steps

Key considerations in forming the Program



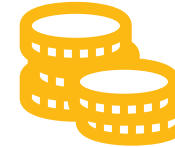
Asset Management Plan



Strategic Plan



Council Resolutions



Service Levels and Standards



Organisational Risk



Integration of elements opportunities



Geographical Spread



Funding Opportunities



Community Request



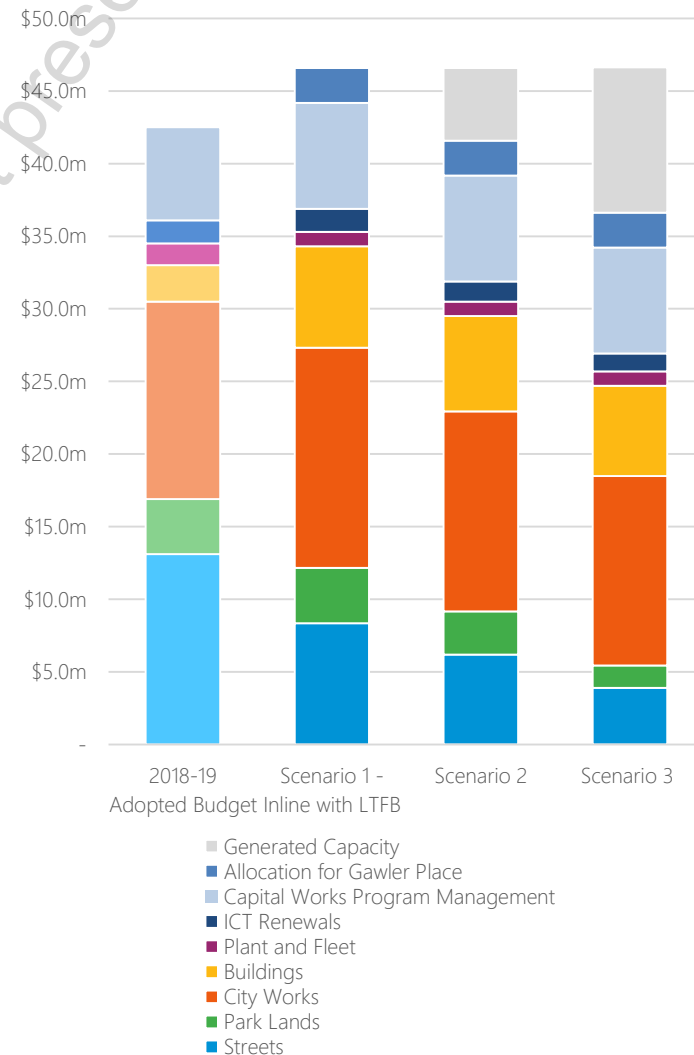
Prior Commitments

Infrastructure Program and Renewals

Overview
Balancing Considerations
Current Position
Projects
Infrastructure Program & Renewals
Funding levers
Emerging Priorities
Next Steps

Capital Works Program \$'m	2018-19 Adopted Budget	2019-20		
		Scenario 1	Scenario 2	Scenario 3
Streets	13.1	8.3	6.2	3.9
Park Lands	3.8	3.8	3.0	1.6
City Works				
Roads, Footpaths and Kerbs*	5.4	7.4	7.0	7.1
Traffic Signals	1.2	1.4	1.2	1.1
Bridges	1.2	0.3	0.3	0.3
Lighting & Electrical	1.8	1.6	1.5	1.4
Water Infrastructure	1.2	2.4	2.1	1.8
Urban Elements	0.8	0.8	0.6	0.5
Park Land Renewals	0.7	1.3	1.1	0.9
Asset Management Services	0.6	-	-	-
Design Services	0.7	0.1	0.0	0.0
	13.6	15.2	13.8	13.0
Buildings	2.5	7.0	6.6	6.2
Total Infrastructure Projects	33.0	34.3	29.5	24.7
Plant and Fleet	1.5	1.0	1.0	1.0
ICT Renewals	1.6	1.6	1.4	1.2
Capital Works before overhead costs	36.1	36.9	31.9	26.9
Capital Works Program Management	6.4	7.3	7.3	7.3
Total Capital Works Program	42.5	44.2	39.2	34.2
Allocation for Gawler Place	-	2.4	2.4	2.4
Generated Capacity	-	-	5.0	10.0
Program with Gawler Place and Generated Capacity	42.5	46.6	46.6	46.6
Long Term Financial Plan Allocation		44.3	44.3	44.3
Unfunded		(2.3)	(2.3)	(2.3)

* Not including renewals on roads, kerbs & footpaths integrated in the Streets Program



Infrastructure Program and Renewals

- Overview
- Balancing Considerations
- Current Position
- Projects
- Infrastructure Program & Renewals**
- Funding levers
- Emerging Priorities
- Next Steps

A summary of how to interpret the Infrastructure Program and Renewals working papers

Projects \$'000	Scope and Description	Design	Construct	Reason	Allocation for renewals and enhancements for Scenario 1			Scenarios 1, 2 and 3 presented with explanation of reductions for scenarios 2 and 3 (where applicable)				
					Renewals	Enhancements	Proposed Budget	Explanation	Revised Budget	Explanation	Revised Budget	
Streets												
Recommended	Chesser Arbour	Structural remediation of the Chesser Street Arbours following investigations and design in 18-19.		✓	<ul style="list-style-type: none"> Public Safety Council Resolution Renewals Design 18-19 	350	-	350		350		350
	Black Spot Funding	Black Spot funding request for two intersection locations, Hindley / Gray Street (total cost \$373k, Council's contribution is \$125k if State funded) and Angas / Pulleney Street (total cost \$300k, Council's contribution is \$100k if State funded). If funded by Federal grant, no cost to Council.	✓	✓	<ul style="list-style-type: none"> Public Safety External Commitment 	-	301	301		301		301
	Wakefield Street	Streetscape and greening project, construction proposed for 20-21 & 20-22. Road resurfacing, footpath, kerbing and trees. (\$1.9M + \$2.4M).	✓		<ul style="list-style-type: none"> Renewals Detailed Design 18/19 	32	128	160		160	Delay Design and associated renewals	-
	Grote Street (Morphett Street to West Terrace)	Streetscape and greening project, delivery proposed for 20/21. Road resurfacing and significant extent of new kerbing. (\$900k) New central and widened median with new street trees and landscaping. (\$365k)		✓	<ul style="list-style-type: none"> Renewals Detailed Design 18/19 	900	365	1,265	Only complete \$900k renewals in 19-20.	900	Delay Project	-
	Gray Street	19/20 Design project to improve Gray Street between North Terrace and Hindley Street, in particular the intersection at Hindley Street. 20/21. (Construction \$1.3M 20-21)	✓		<ul style="list-style-type: none"> Aligns to Black Spot Increase Service Levels New Developments 	-	0	75	Delay project	-	Delay project	-
	Angas Street	Streetscape to align with renewals & developments on street, construction 19-20 & 20-21. Renewals, footpath and road resurfacing 19-20 - \$329k. Mid-street protuberances & Design \$388k.	✓	✓	<ul style="list-style-type: none"> Renewals New Developments Concept Design 18/19 	329	388	717		717	Remove protuberances from scope	329

Key projects have been categorised as recommended

Ticks indicate whether design, design and construct, or just construction in 2019-20

Grey cells indicate no proposal or option to reduce

On Street Parking Fees Options

Overview

Balancing Considerations

Current Position

Projects

Infrastructure Program & Renewals

Funding levers

Emerging Priorities

Next Steps

The initial draft fees and charges assumed:

- 10 cent (CPI increase with rounding) across all per hour fees
- 50 cent increase on the 10 hour maximum rate zone to \$14.00
- \$1.00 increase on the weekend rate (which has remained unchanged since 2014-15)

3 further options have been modelled

- **Option 1 – additional \$700k per annum**
 - 50 cent increase across all fees
- **Option 2 – additional \$756k per annum**
 - Increase all per hour fees by circa 10%
 - Increase weekend rate by \$1.00 (50%)
- **Option 3 – additional \$979k per annum**
 - Increase all per hour fees by 50c
 - Increase 10 Hour Max by \$1.50
 - Increase weekend rate by \$1.00

On Street Fees Schedule					
Zones	Existing Fees	Initial Draft Budget	Option 1	Option 2	Option 3
Zone 1 - Half Hour	\$3.90	10 cent increase	50c increase	circa 10% increase	50 cent increase
Zone 1 - Per Hour	\$4.20				
Zone 2 - Half Hour	\$3.50				
Zone 2 - Per Hour	\$3.70				
10 Hour Zone Per Hour	\$3.70	50 cent increase			\$1.50 increase
10 Hour Zone MAX	\$13.50				
Weekend	\$2.00	\$1 increase		\$1 increase	\$1 increase
Total Income Budget		\$11.287m	\$11.986m	\$12.043m	\$12.266m
Increase on Draft Budget			\$0.7m	\$0.756m	\$0.979m

On Street Fees Schedule							2019-20 OPTIONS							
Zones	2013-14	2014-15	2015-16	2016-17	2017-18	Current 2018-19	2019-20 Draft Budget		Option 1		Option 2		Option 3	
Zone 1 - Half Hour	\$3.50	\$3.70	\$3.90	\$4.00	\$3.80	\$3.90	\$4.00	2.56%	\$4.40	12.82%	\$4.30	10.26%	\$4.40	12.82%
Zone 1 - Per Hour	\$3.20	\$3.40	\$3.60	\$3.70	\$4.10	\$4.20	\$4.30	2.38%	\$4.70	11.90%	\$4.60	9.52%	\$4.70	11.90%
Zone 2 - Half Hour	\$3.00	\$3.20	\$3.40	\$3.50	\$3.40	\$3.50	\$3.60	2.86%	\$4.00	14.29%	\$3.90	11.43%	\$4.00	14.29%
Zone 2 - Per Hour	\$2.80	\$3.00	\$3.20	\$3.30	\$3.60	\$3.70	\$3.80	2.70%	\$4.20	13.51%	\$4.10	10.81%	\$4.20	13.51%
10 Hour Zone Per Hour	\$3.00	\$3.20	\$3.40	\$3.50	\$3.60	\$3.70	\$3.80	2.70%	\$4.20	13.51%	\$4.10	10.81%	\$4.20	13.51%
10 Hour Zone MAX	\$12.50	\$12.50	\$12.50	\$13.00	\$13.00	\$13.50	\$14.00	3.70%	\$14.00	3.70%	\$15.00	11.11%	\$15.00	11.11%
Weekend	\$1.80	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$3.00	50.00%	\$2.50	25.00%	\$3.00	50.00%	\$3.00	50.00%
Total Income Budget							\$11.287m		\$11.986m		\$12.043m		\$12.266m	

Discretionary Rate Rebate: 10% Rate Cap

Overview

Balancing Considerations

Current Position

Projects

Infrastructure Program & Renewals

Funding levers

Emerging Priorities

Next Steps

City of Adelaide has a special discretionary rate rebate granted to ratepayers to ensure the annual increase in general rates arising from an increase in valuations is capped at 10%.

Out of the 24,417 total assessments in 2018-19, 15% (3,680) received the 10% Cap relief.

Commercial

- The rebate received by individual rate payers ranged from \$0.60 to \$58,702.
- Over 80% of the assessments eligible for rebate (1,613) received a rebate less than \$1,000
- 335 assessments received a rebate greater than \$1,000

Residential

- The rebate received by individual rates payers ranged from \$0.30 to \$6,349
- Over 99% of the assessments eligible for rebate (1,718) received a rebate less than \$1,000
- 14 assessments received a rebate greater than \$1,000

The value of the discretionary rebate in 2019-20 will be dependent on the property valuations.

\$'m	Modelling of rebates based on 2018-19 valuations		
	10% cap	15% cap	20% cap
Commercial	1.66	1.27	1.00
Residential	0.24	0.14	0.10
Total Rebate	1.91	1.41	1.10

Emerging Priorities

This is a draft list of emerging priorities, noting that it is not exhaustive nor presently inclusive of all suggestions.

	Commercial Opportunities and Business Operations	Infrastructure		Other
		Enhancements	Renewals, Compliance, Safety	
Overview				
Balancing Considerations				
Current Position				
Projects				
Infrastructure Program & Renewals				
Funding levers				
Emerging Priorities	<ul style="list-style-type: none"> Central Market Arcade Redevelopment Golf Master Plan Adelaide Aquatic Centre future state Aquatic Centre: Short Term Operations Golf Course Irrigation Wyatt UPark Façade and Lift 	<p>Master Plans, Concept Plans and Strategies</p> <ul style="list-style-type: none"> Adelaide Park Lands Master Plan Rundle Mall Master Plan Rymill Park Whitmore Square <p>Streetscapes and Areas</p> <ul style="list-style-type: none"> Currie/Grenfell Elder Park Gilbert Place Grote/Wakefield Hindley Street Hutt Street Kintore Ave (East) Lounders Riverbank Precinct Melbourne Street Moonta St/Chinatown North Tce West O'Connell Street Park Lands Park Lands Cycling Improvements Synagogue Place Victoria Park Water Feature Victoria Square 	<p>Asset Management Plans</p> <ul style="list-style-type: none"> Roads, footpaths & kerbs Bridges including Adelaide Bridge and Victoria Bridge Lighting (LED project) Urban items Buildings <p>Compliance & Safety</p> <ul style="list-style-type: none"> CCTV Electrical DDA Public safety <p>Specific Works</p> <ul style="list-style-type: none"> Central Market Arcade Contingency and Activation Improvements Town Hall Works 	<ul style="list-style-type: none"> Commonwealth Games Visitor Information Centre Digital Strategy CCTV Platform Upgrade
Next Steps				

Next Steps

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Balancing Considerations

Current Position

Projects

Infrastructure Program & Renewals

Funding levers

Emerging Priorities

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- Thursday 28 March ● Draft 2019-20 Integrated Business Plan and Budget discussions
- Monday 8 April ● Placeholder for draft 2019-20 Integrated Business Plan and Budget discussions
- Tuesday 16 April ● Committee to consider the draft 2019-20 Integrated Business Plan
- Tuesday 30 April ● Council to approve the draft 2019-20 Integrated Business Plan for Public Consultation
- Public Consultation: Wednesday 8 May to Wednesday 29 May (inclusive)

Special Committee Meeting

The Committee

Council